

Testimony of Marc C. Reed

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**Before the House Committee on Energy and Commerce, Subcommittee on Health
“Discussion Draft of Health Information Technology and Privacy Legislation”**

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Introduction

Good morning, Mr. Chairman, Congressman Deal and members of the Committee. My name is Marc Reed, and I am the Executive Vice President of Human Resources for Verizon Communications. I am pleased to be here today to offer my company's support for and comments on the draft Health Information Technology and Privacy legislation.

In particular, I will touch on three matters:

First, I will give you an overview of Verizon's perspective on Health Information Technology, also known as Health IT, and the specific benefits of the system; Next, I will comment on key components of the legislation under consideration today; Finally, I will discuss the need to immediately address privacy and security concerns so we can sooner receive Health IT benefits including better quality of care and a dramatic reduction in lives lost due to medical error.

I am pleased that support for Health IT may be reaching critical mass in Congress. I hope that this hearing today brings us one step closer to a bipartisan victory—because the support is certainly out there. There are many leaders in Congress who support Health IT legislation. Bipartisan legislation sponsored by Senators Kennedy and Enzi, the Wired for Health Care Act, is pending action by the full Senate.

We at Verizon applaud and encourage the leadership of this Committee in finding common ground on this issue and bringing it the much-needed attention it deserves, and I urge you to build on this effort with swift action toward passage.

An Overview of Health IT

It is important that we as a country incorporate modern information technology into our health care system for the benefit of patients and their families, just as business and industry have adopted these technologies to the benefit of their customers. Banks use ATMs and networked computers to give us access to our financial records anytime, anywhere, and always with security and privacy. Online retailers know which books we ordered last month, and what color sweater we ordered for Christmas last year. In the same way, doctors and hospitals ought to be able to access our up-to-date health records, with our permission, whenever the situation demands.

Yet our health care system lacks even the most basic foundation for effective electronic communications. Like others who have studied this matter, we at Verizon believe Congress should act now to pass health information technology legislation, bringing significant benefits to all, on a foundation of interoperable standards and strong security requirements to protect private health information. This historic success would be the fruition of hard work by this and previous Congresses, the Administration, and the bipartisan efforts of Democrats and Republicans.

With nearly a quarter of a million employees, plus dependents and retirees, Verizon Communications provides health insurance coverage to approximately 900,000 Americans at a cost of around \$4 billion a year. We have a very big stake in creating a high-quality health care system that is both affordable and accessible.

For us, it's obvious that Health IT must be a critical piece of such a system, and our actions demonstrate our commitment. Verizon CEO Ivan Seidenberg has been involved in a number of critical efforts to lay out the strategic roadmap and benefits of Health IT. For instance, he was appointed to the Federal Commission on Systemic Interoperability, which issued the October 2005 report, "Ending the Document Game: Connecting and Transforming Your Health Care Through Information Technology." This report outlined the many benefits of Health IT, and described both challenges and solutions to implementing such a system.

In addition, Verizon is an active participant in a number of important groups to promote legislation to accelerate deployment of this technology. These groups include the Health IT Now! Coalition, whose members come from about 50 organizations from across the political spectrum, including unions, employers, professional associations, consumer advocacy groups, health care professional associations, coalitions fighting disease, hospitals, clinics, retiree organizations, and insurers.

Verizon is also active through Mr. Seidenberg's Chairmanship of the Business Roundtable's Consumer Health and Retirement Initiative, as well as the Divided We Fail Coalition, which also includes AARP, Service Employees International Union (SEIU), and the National Federation of Independent Business (NFIB).

But perhaps the best demonstration of our support for Health IT is that we have implemented elements of Health IT for our employees. The Verizon HealthZone initiative is a personal health record system providing employees and their family members with tools and resources to help them make well-informed decisions about their health. We believe that the more you know about your health, the better you can improve, maintain and manage it.

The Verizon HealthZone Web site, powered by WebMD®, provides personalized and confidential health care tools and resources that can help individuals set goals for their health, and help them make the best health and health care decisions. The Verizon HealthZone tools include access to a health risk assessment, a medical condition information center, online condition management programs, and an electronic Personal Health Record where each individual can store his or her health information with security and privacy.

The system analyzes patient information to provide timely medication and care alerts automatically. Care alerts inform employees when the care they are receiving appears to be inconsistent with best practices, also known as evidence-based medicine. The care alert system monitors for preventive screenings based on ethnicity, gender, age and other factors. The system checks for potentially dangerous drug interactions. And

while the system is secure, private and thorough, it is still easy enough to use so that patients can easily share information with anyone they choose by print, fax, or direct online access.

Benefits and Savings to the Health Care System

Health IT holds the potential to reduce medical errors, improve patient outcomes, help save lives and reduce health costs. The truth is, health care is one of the few segments of the American economy not to have been transformed by modern, efficient information technology.

According to the Institutes of Medicine, as many as 100,000 people die each year from medical errors. Many of these mistakes don't have to happen— one way to help prevent these errors is access to accurate and up-to-date electronic records and that is exactly what Health IT provides.

Health IT also improves patient outcomes, particularly for those who suffer from chronic illnesses. Such patients typically have complex medical histories and treatment regimens, and every provider they visit needs complete access to this information to provide the best and most complete care. Again, Health IT is the obvious answer, transforming an often haphazard collection of phone calls, faxes and photocopies for a simple and secure login to review every bit of critical and potentially life-saving information.

Also, Health IT has the dramatic potential to reduce health costs by reducing duplicative and unnecessary tests, preventing medical errors through the delivery of complete health records, and automatic monitoring to alert doctors and patients to potentially adverse drug interactions. According to the RAND Corporation, Health IT has the potential to save as much as \$81 billion a year in efficiencies and improved health outcomes. The U.S. Department of Health and Human Services has estimated that as much as 30 percent of health costs could be eliminated through widespread adoption of Health IT.

One aspect of Health IT, the electronic health record, empowers patients to review their own records. The benefits of having access to your own information range from financial savings to potentially saving a life. For example, a Verizon employee using HealthZone found insurance claims for a condition that his doctor confirmed he did not have. After further investigation, both patient and doctor learned that the claims had been submitted in error, and they were able to work with the insurance company to adjust and clear the patient's record.

At Verizon, one of our employees wrote to us and said: *“Since it is a top priority for me to live healthily for the sake of my children, HealthZone provides a place to store my personal information, AND to track my progress toward my health improvement goals. Another great benefit of HealthZone is the drug interaction warnings. HealthZone provides a place to store my children's health information and the option to*

share that information with others. For example, at the start of each school year, I can provide the school nurse with a tailored report on each child.”

There are plenty of examples out there, but the point is that when patients have more information, they have more power and more control and more choice in improving the quality of their care, the quality of their lifestyles, and thus the quality of their lives.

Verizon employees enjoy benefits of Health IT. Various insurance providers, hospitals and clinics, and other groups have implemented Health IT in various capacities, too. But everyone should have this benefit—and that will be possible only when Congress establishes a foundation in law for the rapid and widespread deployment of such a system.

Key Components of the Legislation

Next, I would like to comment on the key components of the draft legislation you have circulated. We believe that the Roadmap must include the following five key issues:

1. **Development of uniform, interoperable standards.** This legislation codifies the work of the Office of the National Coordinator for Health Information Technology (ONCHIT) and its role in establishing the strategy to develop and implement the standards for interoperability. We support this provision so long as it continues what is currently underway within the Administration. We do not want to slow down the important progress that is being made and believe we can find common ground to continue the efforts underway.
2. **Standards are developed with the establishment of two different federal advisory committees of expert stakeholders.** The difference between these groups is important. First, there is a need for a group of expert stakeholders to provide policy input to the appropriate bodies. The second group should be a public-private partnership consisting of key purchasers who can provide advise on the setting of standards. When the Commission for Systemic Interoperability was finalizing their Report, a number of purchasers, like Verizon, met with the Secretary to determine the next step in implementing the findings. We came together in agreement to form the American Health Information Community—better known as AHIC—to use the leverage that public- and private-sector purchasers have to influence our suppliers to adopt standards. There currently is an effort to form AHIC 2.0, and we would ask Congress to be cautious about becoming involved with these existing activities underway and whether they would have to “start over” or continue this process. Development of standards is time-consuming and should be non-political; no one can afford to wait for a new Administration to continue this effort.
3. **Adoption of standards.** We believe the standards should be uniform. In this way, providers and payers know that the systems they are buying will communicate with each other. We understand that this legislation would permit the Federal Government

to use their purchasing power to promote adoption of standards. We want to ensure that the Centers for Medicare and Medicaid Services has the authority to adopt these standards. This is in line with our efforts associated with AHIC today by leveraging purchasing power to spur adoption.

4. **Voluntary certification.** We support a certification process to ensure systems meet the standards. This does not have to be mandated, but can be implemented through incentives.
5. **Financial incentives.** We believe it is important that providers who lack adequate resources for the purchase of these systems have access to grants or loans. This assistance should be a “last resort,” but is necessary to ensure we have uniform adoption nationwide. Our government can’t afford to buy all providers systems—but we can’t afford for those without the means to participate to be left behind. One of the key benefits of having national interoperability standards is that providers can purchase technology without the fear that they are picking the wrong technology. Financial assistance should be available to those providers who can demonstrate that they need the assistance.
6. **Privacy and Security.** Health IT enhances data security and privacy. Under the current paper-based systems, many can open a filing cabinet, take out sensitive patient information, even copy and distribute it, then return the papers without detection. Health IT should establish a safe firewall around patient data, requiring passwords and permission to gain access, and leaving an audit trail of who accessed the data, when and why. That is why we believe that there should be uniform security standards protecting consumers’ private health information. These standards should be nationwide and should be enforceable at the federal level.

In the case of the Verizon HealthZone Web site, which is HIPAA compliant, all of the data is gathered and managed by third-party vendors, such as WebMD. Participation is voluntary, private and confidential, and Verizon does not have access to any participant data. The participant can choose to share it with third parties, including their doctor or health plan, for medical advice and consultation.

The government needs to develop interoperability standards that have well-defined objectives for electronic record management and security. This will begin to give consumers a sense of security about electronic medical records. Regulations in the banking industry give consumers the sense of confidence to transact banking business which oftentimes includes bank routing numbers, credit cards numbers and other personal indentifying information.

Let me comment on a few of the relevant provisions in the legislation:

- a. **We applaud accountability and enforcement for privacy and security.** The draft legislation establishes an enforcement authority over “Business Associates” under the Health Insurance Portability and Accountability Act (HIPAA). The draft also

includes notification to patients when there is a security breach. Finally, the draft limits the current consent to treatment and payment information. In Verizon's contractual relationships with our insurers, as well as WebMD, which administers the Verizon HealthZone, we conduct periodic audits to ensure compliance with standard IT security measures.

- b. **We believe that Americans should have confidence in the security of these new systems.** If someone intentionally breaks into these systems, they should be punished, and enforcement should be at a national level.
- c. **Any breach of individually identifiable health information should trigger a notification to individuals whose information has been disclosed.** We support the Committee's including language in the draft to address this issue. Because Verizon is an international company with business operations in all 50 states, we strongly encourage the Committee to create a uniform notification process that Verizon can follow regardless of where the disclosure occurs by preempting conflicting state breach laws. This will ensure a transparent process for consumers whose information is inadvertently or wrongfully disclosed and certain path for companies to follow. Some of our employee health records may be kept in the same computer files regardless of the state in which they work. In addition, many of Verizon's employees cover multi-state regions in performance of their duties. The same notice of a breach should go to a Verizon employee who works in California as one who works in New Jersey.

Conclusion

In conclusion, and on behalf of Verizon, I appreciate this opportunity to encourage the Committee and Congress to swiftly pass health information technology legislation. For the health care industry to invest in and deploy Health IT, they need to know that the rules won't change. Only Congress can make such assurances.

We believe there are four things that should be done at the federal level:

- Establish federal leadership for a public-private process to set standards;
- Offer providers financial incentives to encourage the adoption of Health IT;
- Educate Americans on the value of electronic health records and information on quality of providers; and
- Protect the security of the new systems so that consumers have confidence that their private health information is protected.

Right now, Congress, the Administration, the health care industry and the public are united behind Health IT. It enjoys broad bipartisan support not only in the Congress but also among health care providers, business, labor, disease advocacy groups, medical associations and consumers. By acting now, Congress can achieve a powerful victory for all Americans by essentially just formalizing what is already agreed upon.

I urge all members of Congress to vote to enact this legislation this year. Passage will be a big step toward creating the 21st century health care system that America needs. I look forward to working with the members of this Committee as you move forward on these issues.